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Accelerating progress towards the Millennium Development Goals: options for sustained and inclusive growth and issues for advancing the United Nations development agenda beyond 2015

Report of the Secretary-General

Summary

Remarkable progress has been made in achieving the Millennium Development Goals, particularly regarding the targets related to poverty reduction, improved drinking water sources, primary education and health. Several other targets are also within reach by 2015. Nevertheless, significant shortfalls remain in the targets related to reduction of hunger and child and maternal mortality, gender equality, environmental sustainability and the delivery of global partnership commitments. Progress has also been uneven across countries and among different population groups and regions within countries. In the world's poorest countries in particular, progress has often failed to keep up with rapidly changing demographics.

Many initiatives and actions to accelerate the achievement of the Millennium Development Goals have been taken at the national, regional and global levels, involving a large number of different stakeholders. Yet, while these initiatives have produced encouraging results, efforts need to be redoubled.

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Sustained, inclusive and equitable growth with environmental stewardship is crucial for achieving the Millennium Development Goals. The present report discusses a number of policy options for supporting this type of growth, including advancing the reforms in financial regulation to reduce risks of financial and economic crisis; strengthening countercyclical policy space; incentivizing long-term investment for sustainable development; enhancing international policy coordination and cooperation; promoting employment with decent wages, and in particular the employment of women and young people; reducing inequality through social protection and other redistributive measures; and sharing the benefit derived from natural resources more inclusively among the population.

The intergovernmental process to advance the development agenda beyond 2015 is moving forward. The Open Working Group of the General Assembly on Sustainable Development Goals and the Intergovernmental Committee of Experts on Sustainable Development Financing have both produced important reports. A synthesis report taking stock of the ongoing work on a post-2015 development agenda will be issued by the end of 2014.

Introduction

1. In the outcome document of the high-level plenary meeting of the General Assembly on the Millennium Development Goals held in 2010 (see General Assembly resolution 65/1), Heads of State and Government requested the Secretary-General to report annually on progress in the implementation of the Millennium Development Goals until 2015 and to make recommendations for further steps to advance the United Nations development agenda beyond 2015. By its resolution 65/10, the General Assembly requested the Secretary-General to include in the annual report an analysis of and policy recommendations on sustained, inclusive and equitable economic growth for accelerating poverty eradication and achievement of the Millennium Development Goals.

2. In response to the above-mentioned requests, the present report provides updated information on the progress in achieving the Millennium Development Goals; a review of acceleration efforts at the national, regional and global levels; an analysis of policy options for sustained, inclusive and equitable economic growth and for enhancing their impact on the achievement of the Goals; the lessons learned from the Millennium Development Goal endeavour as valuable references for the post-2015 period; and the road map for the formulation of the post-2015 development agenda.

I. Achieving the Millennium Development Goals[1]

A. Progress achieved

3. Through the concerted efforts of national Governments and with support from the international community, significant progress has been made towards achieving the Millennium Development Goals. The world reached the global poverty reduction target five years ahead of schedule, with the proportion of people living on less than $1.25 a day in developing regions falling from 47 per cent in 1990 to 22 per cent by 2010. The Millennium Development Goal target for safe drinking water was also met five years ahead of schedule. Since 1990, more than 2.3 billion people have gained access to improved drinking water sources and 89 per cent of the world's population had gained access to an improved source by 2012. Major progress is also visible in regard to primary education, where enrolment gaps between boys and girls are closing. Globally, the number of out-of-school children (at primary-school age) has declined notably, from 102 million to 58 million between 2000 and 2012, with about one half of the out-of-school children living in conflict-affected countries.

4. Remarkable gains have been made in the fight against malaria and tuberculosis, along with visible improvements in all health targets. Between 2000 and 2012, a substantial scaling up of malaria interventions led to a 42 per cent decline in global mortality rates, indicating that the sustained political and financial commitments from the international community are paying off. The mortality rate for children under 5 years of age in 2012 was almost one half of the 1990 level, dropping from 90 to 48 deaths per 1,000 live births.

[1] More detailed information about the progress made is provided in *The Millennium Development Goals Report 2014* (United Nations, New York, 2014) and *MDG Gap Task Force Report, 2014: The State of the Global Partnership for Development* (to be issued).

5. Several important Millennium Development Goal targets are within reach by 2015, assuming that efforts by national Governments, the international community, civil society and the private sector will be sustained. For example, the prevalence of undernourishment in developing regions declined from 24 per cent during the period 1990-1992 to 14 per cent during 2011-2013. If immediate additional assistance were provided to countries in which progress has recently slowed, the proportion of people suffering from chronic hunger could be halved. Access to life-saving antiretroviral therapy for HIV treatment has also been increasing dramatically in recent years.

B. Shortfalls and unevenness of progress

6. It is also evident that some goals will be missed unless bolder, people-centred actions and focused interventions are made immediately. For example, reaching the target of reducing hunger and malnutrition, particularly at the subnational level and in countries suffering from conflict and weak governance, requires greater efforts. According to data for 2011-2013 from the Food and Agriculture Organization of the United Nations (FAO), 842 million people, or one in every eight persons, are chronically undernourished. The prevalence of undernourishment in sub-Saharan Africa and Southern Asia remains high, at 24.8 per cent and 16.8 per cent, respectively.

7. Despite enormous improvements in child survival, more rapid progress is needed to meet the ambitious target of a two-thirds reduction in child mortality. The most recent available data show that, globally, the maternal mortality ratio dropped from 380 maternal deaths per 100,000 live births in 1990 to 210 in 2013. Impressive as it is, such progress falls short of the Millennium Development Goal target of reducing the maternal mortality rate by three quarters and achieving universal access to reproductive health. Similarly, even though developing countries have made impressive strides in expanding access to primary education, with the net enrolment rate reaching 90 per cent in 2012, progress towards achieving universal primary education has recently slowed so considerably that, at the current rate, the world is unlikely to meet the target of universal primary education by 2015. The Millennium Development Goal target of universal access to treatment for HIV/AIDS for all those who need it by 2010 was missed, and the pace in reducing new HIV infections remains too slow; nevertheless, it is expected that, globally, 15 million people will be on HIV treatment by 2015 if the current momentum is maintained.

8. Gender disparity remains significant. Female school enrolment is lower than male enrolment in many countries and women continue to be underrepresented in decision-making bodies. As of January 2014, the average proportion of women in national parliaments stood at 21.8 per cent worldwide. In every developing region, women tend to hold less secure jobs and have fewer social benefits than men. Women's access to paid employment remains low, particularly in Northern Africa, Southern Asia and Western Asia. Wide gender gaps remain in basic knowledge about HIV and its prevention in sub-Saharan Africa, which has been hardest hit by the epidemic.

9. Some targets in the areas of environmental sustainability are set to be missed. Global emissions of carbon dioxide continue to increase. In 2011, carbon dioxide emissions were about 50 per cent above the 1990 level, while according to the

Kyoto Protocol, emissions in 2012 were supposed to be below the 1990 level. Although between 1990 and 2012 almost 2 billion people gained access to improved sanitation facilities, 2.5 billion people still lack improved sanitation facilities. Of that total, about 1 billion continue to practice open defecation, a major health and environmental hazard. Throughout the world, the natural resource base is in serious decline, with continuing losses of forests, fish stocks and species, a process that is aggravated by climate change.

10. Progress towards achieving the Millennium Development Goals has been uneven across countries and regions. For example, steady economic growth has helped Africa to make significant progress in recent years but undernourishment continues to be a serious problem in sub-Saharan Africa. Achievement of the Millennium Development Goals has also been uneven among the different population groups and regions within countries. Achievements in education in rural areas are generally lower than in urban areas. Similarly, relative to the national level, Millennium Development Goal achievements are often less pronounced among the most vulnerable and marginalized people within a country. Progress has also particularly lagged in areas affected by conflict, violence, weak governance and ineffective institutions.

C. Global partnership for development and other global initiatives[2]

11. The volume of net official development assistance (ODA) increased by 6.1 per cent in 2013, the highest level ever recorded. Total net ODA flows amounted to $134.8 billion in 2013 in current dollars, up from $126.9 billion in 2012. Preliminary estimates show that most of the increase in volume came from multilateral ODA and from a 25 per cent increase in humanitarian aid. Among the 28 countries members of the Development Assistance Committee of the Organization for Economic Cooperation for Development, Denmark, Luxembourg, Norway, Sweden and the United Kingdom of Great Britain and Northern Ireland met the United Nations target of allocating 0.7 per cent of their gross national income to ODA.

12. The Ninth Ministerial Conference of the World Trade Organization, held in Bali, Indonesia, in December 2013, helped to restore some confidence in the multilateral processes necessary for strengthening the global partnership for development. One major outcome of the Conference was the new Trade Facilitation Agreement, which has a large potential to reduce trade transaction costs in developing countries. Members also agreed to put in place a monitoring mechanism for special and differential treatment provisions for developing countries and took decisions specific to the least developed countries on duty-free and quota-free market access, preferential rules of origin, operationalization of the services waiver, and cotton trade reform. Further work remains in these and other areas in order to complete the Doha Development Agenda.

[2] The annual MDG Task Force Report provides systematic information on the five areas that are part of the global partnership for development, defined in Millennium Development Goal 8: official development assistance, market access (trade), debt sustainability, and access to essential medicines and new technologies. The reports are available from www.un.org/en/development/desa/policy/mdg_gap/index.shtml.

13. In addition to the formal global partnership for development defined in Millennium Development Goal 8, a large number of multi-stakeholder partnerships are complementing work towards the objectives of that Goal. The Secretary-General promoted a number of initiatives to focus the attention of public policymakers and private actors on mobilizing additional resources and taking action on selected Millennium Development Goals. The initiatives include "Every woman, every child", Sustainable Energy for All, the Global Education First Initiative, the Zero Hunger Challenge, the Scaling Up Nutrition movement and the Call to Action on Sanitation. These initiatives entail voluntary partnerships among various development cooperation actors, including Governments, multilateral and regional institutions, foundations, civil society organizations and private enterprises. Other Millennium Development Goal-related commitments were announced at high-level meetings at the United Nations and elsewhere. Together, these initiatives reflect a growing set of development cooperation partners and actors and increasing recognition of the participation of the private sector in development efforts.

D. Efforts to accelerate achievement of the Millennium Development Goals

14. Developing countries have made considerable efforts to accelerate progress towards the Millennium Development Goals, including an important increase in government spending, relative to gross domestic product (GDP), on education, health and other priority areas related to the Goals. In some cases, national initiatives were supported by regional and global agencies, including the agencies of the United Nations system.

15. Examples of large initiatives to reduce poverty and inequality include the Bolsa Familia initiative of Brazil and other cash transfer programmes in Latin American, Asian and African countries.[3] Similarly, in India, the Mahatma Gandhi National Rural Employment Guarantee Act 2005 has provided additional employment and earnings for poor rural families. In China, the Government has adopted policy measures to provide social protection floors and other public services for a growing proportion of the population, to reduce disparities between rural and urban regions and to increase minimum wages. In several Latin American countries, including Ecuador and the Plurinational State of Bolivia, the concept of buen vivir (living well) has gained influence as a new way to balance the needs of human societies and the capacity of nature. There are many other initiatives taken by developing countries across the world that contribute to Millennium Development Goal acceleration. The support provided by the United Nations system to the efforts of countries to accelerate progress towards the Millennium Development Goals is described below.

16. In 2010, the United Nations Development Group adopted the Millennium Development Goals Acceleration Framework to support countries in the design of high-impact solutions to overcome the bottlenecks that impede progress at the

[3] See, for example, Giovanni Andrea Cornia, ed., *Falling Inequality in Latin America: Policy Changes and Lessons*, study prepared by the United Nations University World Institute for Development Economics Research (UNU-WIDER) (Oxford, Oxford University Press, 2014); and Ariel Fiszbein and Norbert Schady, "Conditional cash transfers: reducing present and future poverty", World Bank policy research report (Washington, D.C., 2009).

national or subnational level. The Framework has been adopted by 58 countries. Besides national Governments, the framework engages other actors at the country level, such as local civil society organizations and non-governmental organizations, academia, the private sector and bilateral and multilateral agencies.

17. The UNDP-Spain MDG Achievement Fund was established through an agreement between the Government of Spain and the United Nations system aimed at accelerating progress on the Millennium Development Goals. The Fund has financed 130 joint programmes in eight programmatic areas in 50 countries. It has also supported several global partnerships and thematic knowledge management initiatives.

18. With regard to Millennium Development Goal 1, the promotion of productive employment and decent work has proved to be an effective strategy for reducing poverty. In view of higher youth unemployment rates, several African countries have focused on enhancing their skills and employment opportunities. In the United Republic of Tanzania, a pilot programme on entrepreneurship education in eight regions has reached nearly 28,000 young people, of whom 13,600 are girls. The International Labour Organization (ILO) has been active in supporting the Millennium Development Goal commitment to promote full and productive employment and decent work for all. Initiatives supported by the UNDP-Spain MDG Achievement Fund have also focused on employment expansion, helping 61,358 entrepreneurs, 15,131 farmers and 2,862 small businesses in the Plurinational State of Bolivia, Costa Rica, the Dominican Republic, Egypt, El Salvador, Serbia and Viet Nam. Some of the initiatives undertaken with the support of the Fund have also focused on enhancing the role of cultural heritage and the cultural and creative industries in poverty reduction.

19. Many developing countries have taken initiatives, with the support of FAO, to accelerate progress in reducing hunger and malnutrition. Some of those initiatives have focused on the expansion of rural employment and the application of international labour standards to rural areas. Several African countries, in cooperation with the World Bank, several United Nations agencies and bilateral donors, have expanded their social protection programmes to address food insecurity.

20. Adding value to the agricultural products produced by rural families is another important way to raise income and reduce poverty. With the involvement of local government, the private sector and related stakeholders, many countries are focusing on value-added in agro-processing, as well as on post-harvest handling, supply chain management and trade promotion. The production of about 4,000 tons of palm oil in Nigeria, for example, as a result of the development of small to medium-sized palm oil processing models, has created 1,800 jobs in rural areas. These models are now replicated as part of the national industrial development strategy of Nigeria. The United Nations Industrial Development Organization, with its commitment to promoting small and medium-sized enterprises, has been active in supporting such initiatives.

21. In the area of education (Millennium Development Goal 2), acceleration efforts have been exemplified by the Secretary-General's five-year Global Education First Initiative, launched in 2012. Ministers of education and finance have been brought together to address the bottlenecks in access to education in countries most in need. The United Nations Educational, Scientific and Cultural

Organization (UNESCO), which serves as the secretariat, is playing an important role in implementing programmes under the Initiative. For example, a capacity development programme for Governments and non-governmental organizations in Asia and the Pacific has provided basic education for 20 million out-of-school children through flexible learning strategies. The Big Push initiative, aimed at accelerating education for all in sub-Saharan Africa and initiated at the end of 2012, had engaged 21 countries by March 2013. Under the Basic Education in Africa Programme initiative, 10 African countries have adopted one-year compulsory pre-primary education, with the Democratic Republic of Congo adopting free primary education for the first three grades. The Latin American Laboratory for the Assessment of the Quality of Education, a network of directors of educational assessment and chaired by the ministers of education of 15 countries and the Mexican State of Nuevo León, is enabling effective policy action to improve learning and performance assessment in achieving the Education for All goals by 2015.

22. Acceleration efforts are under way to reduce gender disparity in education (Millennium Development Goal 3). The Global Partnership for Girls' and Women's Education was launched by UNESCO in May 2011 to set up several innovative partnerships, with the involvement of the private sector, to take concrete action at the country level to increase learning opportunities for adolescent girls and women. In Senegal, the number of girls and young women reached through the provision of literacy and life skills has been systematically increasing. Since 2012, gender-sensitive actions have created an environment more conducive to girls' learning in schools in Ethiopia and several other African countries. Similar initiatives have now been implemented in Pakistan and other countries in South and West Asia. Efforts at the regional level are also showing results: for example, a World Bank initiative addressing education challenges in the Middle East and North Africa has built basic education schools in Egypt and Morocco, expanding the enrolment of girls.

23. Inadequate food and nutrition have often proved an impediment to attaining Millennium Development Goal education targets, including the reduction of gender disparity in education. Several initiatives have been taken to address this constraint. For example, the World Food Programme (WFP) reached out to 19.8 million school feeding beneficiaries in 63 countries in 2013. About one half (48 per cent) of the beneficiaries of the programmes were girls. In order to reduce the number of instances in which children, especially girls, are taken out of school to help at home, WFP in 2013 delivered 1.2 million take-home rations to families that consistently sent girls to school.

24. Empowerment of women is crucial to accelerating other Millennium Development Goal targets. At the country level, the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women), as of 2013, supported programmes in 96 countries. These efforts were aimed at empowering women through the improvement of their working conditions in small farming; changing attitudes towards and ending violence against women and girls; increasing the voice of women in decision-making; ensuring access to reproductive, maternal and child health; and empowering women living with HIV. As a result, there has been a significant increase in women's participation in farm associations in Egypt, better training for female members of local government bodies in Bangladesh and India, and heightened awareness of gender-based violence in Colombia. Similarly, action plans established under the Millennium Development Goals Acceleration

Framework have led to the improvement of economic outcomes for women in Cambodia, in partnership with the private sector. Programmes supported by the UNDP-Spain MDG Achievement Fund have led to the institutionalization of gender equality in laws, plans and policies in many countries.

25. With regard to reducing child mortality, improving maternal health and combating major diseases (Millennium Development Goals 4, 5 and 6), national health plans integrating sexual and reproductive health, as well as child health, have been implemented in 19 countries as part of the Health Four Plus initiative, with the support of the Joint United Nations Programme on HIV/AIDS (UNAIDS), the United Nations Population Fund (UNFPA), the United Nations Children's Fund, UN-Women, the World Health Organization and the World Bank. Meanwhile, the Muskoka Initiative: Maternal, Newborn and Under-Five Child Health, in line with the Health Four Plus initiative, has been implemented in francophone Western Africa. Since 2007, the UNFPA Global Programme to Enhance Reproductive Health Commodity Security has worked closely with the Governments of 46 countries to ensure access to a reliable supply of contraceptives, medicine and equipment for family planning, prevention of HIV and sexually transmitted infections and provision of maternal health services. Meanwhile, the Maternal Health Thematic Fund, implemented in 43 countries by 2013, is accelerating progress towards improving maternal health in some of the poorest countries in the world. Its midwifery programme has strengthened midwifery capacity in more than 30 countries. It has also supported subnational capacity-building for emergency obstetric and newborn care services in 32 counties.

26. With regard to Millennium Development Goal 7, as part of the support for the Call to Action on Sanitation, the World Bank Global Partnership on Output-based Aid has been focusing on countries in which access to basic sanitation services remains a challenge for the poor. These initiatives are being implemented in countries such as the Central African Republic, India, Kenya, the State of Palestine (West Bank) and several fragile and conflict-affected States. It is estimated that 440,000 people in 337 communities (80 per cent of which are located in rural areas) have gained access to safe and affordable drinking water and water-related services through joint programmes supported by the UNDP-Spain MDG Achievement Fund.

27. Addressing and managing disaster and climate risks have been essential to achieving Millennium Development Goals and other development goals, in particular in low- and middle-income countries. In Odisha, India, for example, the restoration of floodplains is resulting in significant benefits for local agriculture and downstream fisheries, while sustainably managing flood regimes and water flows. In Ethiopia, a sustainable land management and rain catchment programme has vastly increased food production and mitigated the impact of drought and floods. Meanwhile, the United Nations Environment Programme is working to prevent and reduce the impact of disasters on vulnerable communities and countries through improved ecosystem management and integrating an ecosystem-based disaster risk reduction approach into development and climate change adaptation strategies.

28. The World Bank has adopted a refined approach to addressing the special problems of underserved areas through the incorporation of community participation, results-based frameworks and outreach programmes. For example, in Yemen, in partnership with other donors, the programme has created 8.7 million working days and benefited directly more than 3 million people, 1.83 million of

whom are women. The World Bank has also worked in close coordination with the United Nations and bilateral donors to expand national social protection programmes for food insecurity, particularly in Africa.

29. All five regional commissions are undertaking important work in relation to Millennium Development Goal acceleration. Given that the regional commissions have a close understanding of the specific needs of the countries of the regions, they are able to customize their initiatives in an effective way, particularly in regard to providing technical support, gathering data, and analysing and formulating policies.

30. A number of international agencies working to ensure peace, maintain stability and improve governance and institutions are also making a valuable contribution towards the achievement of the Millennium Development Goals.

31. The work of the Department of Public Information of the United Nations Secretariat in disseminating information about the achievement of the Millennium Development Goals is also an integral part of the acceleration effort. The circulation of information about best practices in Millennium Development Goal progress in one country often stimulates neighbouring countries, and regions, to emulate the success.

32. The United Nations System Chief Executives Board for Coordination (CEB) remains engaged at the highest level in promoting Millennium Development Goal acceleration. Since 2013, under the leadership of the President of the World Bank and the Administrator of UNDP, the CEB review of Millennium Development Goal implementation at the country level has identified bottlenecks in meeting the Goals and has formulated concrete steps for organizations of the United Nations system to help countries to achieve substantial progress. The initiative reinforces United Nations system-wide support to the implementation of country-owned Millennium Development Goal acceleration action plans, ensuring a coordinated approach to the technical and operational expertise of the United Nations system. The members of CEB have underscored the urgency of meeting the development goals and reiterated their commitment to using each CEB session until 2015 to review progress and challenges as an accountability tool for the United Nations system.

II. Policies for sustained, inclusive and equitable growth for achieving the Millennium Development Goals

33. It is well recognized that sustained, inclusive and equitable growth is a necessary condition for achieving the Millennium Development Goals and other development goals. Policies at both the international and national levels are of paramount importance for accelerating progress and for sustainable development beyond 2015 in its three interrelated dimensions: economic, social and environmental.

A. Policies for sustained growth

34. The recent experience of the global financial and economic crisis reconfirms that a stable international economic environment and ample countercyclical policy space are among the most important conditions for countries, particularly developing countries, to achieve sustained growth.

35. Since the great recession in 2009, the world economy has been on a slow and bumpy recovery. Today, the world economy is yet to return to operating at its full capacity.[4]

36. A number of developed countries, especially in Europe, still have per capita incomes far below their pre-crisis levels, accompanied by persistent high unemployment rates. Developing countries suffered significantly from the global financial crisis, with trade flows dropping, commodity prices declining, capital inflows sharply reversing, external financing costs surging and exchange rates substantially fluctuating. ODA flows to developing countries, particularly to the least developed countries, also declined for several years, as noted above. Even though the growth recovery in developing countries has since been stronger than in developed countries, the average growth rate for developing countries remains two percentage points lower than its pre-crisis level.

37. Moreover, the spillover effects of macroeconomic policies adopted by major developed countries have also become increasingly significant for developing countries. On the positive side, the internationally coordinated policy stimuli led by the Group of 20 in 2009 engendered a growth rebound worldwide, benefiting many developing countries, although the momentum faded soon after the stimuli were phased out. On the negative side, the quantitative easing measures adopted by major developed countries in the aftermath of the financial crisis, as well as the recent adjustment of those measures, have led to significant macroeconomic instability in developing countries, as illustrated by the financial turbulence encountered by many of them in mid-2013 and early 2014.

38. Therefore, in the current context, greater efforts are needed to advance the reforms in financial regulation in order to mitigate the risks of financial crises. After the global financial crisis, a host of financial reforms were initiated worldwide, including reforms to the banking system; strengthening the regulation of shadow banks, financial derivatives, large financial institutions and credit rating agencies; and reforms to the international financial institutions, including quota and governance reforms for the International Monetary Fund (IMF) and the World Bank. The progress to date of such reforms, however, has been slow.

39. Greater efforts are also needed to strengthen countercyclical policy space, particularly in developing countries. This would require an improved macroeconomic management framework which builds policy buffers when the economy is in a boom and implements expansionary measures when the economy faces a downturn. Most developing countries are in a better position today to withstand external shocks than in the 1990s when financial crises erupted frequently in developing countries and the economies in transition. This is partly because these countries have enhanced their policy space by strengthening financial sector regulation and supervision, adopting more flexible exchange rate regimes, enhancing macroprudential oversight, undertaking measures to manage capital flows when necessary, increasing foreign exchange reserves, and conducting prudent monetary and fiscal policies. However, countercyclical policy space in many developing countries needs to be further strengthened in order to reduce the vulnerability of these countries to both external and internal shocks.

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[4] More detailed analysis can be found in the report on the world economic situation and prospects as of mid-2014 (E/2014/70).

40. Management of the capital account, including macroprudential measures and direct management of capital flows, has received renewed attention as an important component of countercyclical measures. Brazil, China, India, Indonesia, Malaysia, Peru, the Philippines, the Republic of Korea, Taiwan Province of China and Thailand have implemented various initiatives to manage the capital account, including taxes on short-term capital flows and/or the imposition of certain holding periods for capital inflows, in order to discourage speculative capital flows. Measures to incentivize long-term and more stable capital flows for investment should be considered.

41. In addition to polices for mitigating the risks of financial crises and strengthening macroeconomic management of economic cycles, policies are also needed to promote long-term investment in such critical areas as infrastructure (particularly in rural areas), nutrition, health, education, sanitation services, small and medium-sized enterprises, and the technologies necessary to address climate change and sustainable management of natural resources. The challenge lies in promoting a global financial system that incentivizes financing for long-term sustainable investment and contributes to the mobilization of domestic financial resources in developing countries, as well as improved coordination among macroeconomic, sectoral and microeconomic policies.

42. Sustained growth for all countries also requires the strengthening of international policy coordination and cooperation. In the aftermath of the global financial crisis, the framework of policy coordination among the Group of 20 has shown some progress but more concerted efforts are needed to boost the global recovery in output and jobs. More importantly, international policy coordination should be strengthened at broad, representative international platforms, in particular the United Nations. International policy coordination and cooperation are also needed to address the issues of international tax avoidance and evasion, illicit capital flows and the high costs of transferring remittances. In addition, international policy cooperation is needed to ensure sufficient resources are made available to developing countries, especially the least developed countries, to meet their needs for sustained growth, Millennium Development Goal acceleration and sustainable development in the long run.

B. Policies for inclusive and equitable growth

43. Sustained, inclusive and equitable growth is critically important for the reduction of poverty and the achievement of the Millennium Development Goals.[5] In the 2012 report on accelerating progress towards the Millennium Development Goals (A/67/257), it was noted that the creation of decent and productive jobs, particularly for young people, was one of the most important policies for promoting inclusive and equitable growth; the present report highlights other important policy options.

44. Empirical studies show that if economic growth is not inclusive or equitable, it cannot be sustained. High inequality constrains domestic demand and distorts

[5] See, for example, Timothy Besley and Louise J. Cord, eds., *Delivering on the Promise of Pro-Poor Growth: Insights and Lessons from Country Experiences* (Washington, D.C., Palgrave Macmillan and World Bank, 2007).

economic structures. Widening inequality constrains efficiency and economic growth. Moreover, when a large number of people live and work below their potential, it undermines the tax base of countries, leading to underinvestment in infrastructure, education and technology, thus constraining the engines of sustained growth.[6] Inequality undermines progress in health and education and thus the human rights of people.

45. Redistributive policies can generally influence the distribution of income between labour and capital, but they can also influence the distribution of net income through taxes, subsidies and income transfers. Policies that foster equality of opportunity to access education, employment, productive assets and credit will also have an influence on the distribution of income.

46. Developing countries vary widely with regard to the inclusivity and equity of growth, with important consequences for the Millennium Development Goals. Between 1985 and 2006, stagnant wages and high unemployment caused the share of wages in total income to decline in 53 of 71 countries according to a recent data sample.

47. Developing countries which are richly endowed with natural resources face a particular set of challenges in making their growth inclusive and equitable. Because extractive industries are capital intensive, GDP growth does not necessarily translate into a commensurate growth in employment. Countries which are rich in natural resources need to find additional measures to ensure that their growth is inclusive and equitable. A number of policy options are available, for example, increasing the value added to natural resources before they are exported contributes to increased employment. Countries can also ensure that the rent generated from the extractive industries is utilized to diversify the economy, build infrastructure, expand employment and invest in human development. In addition, such countries can ensure sustained growth by using part of their export earnings to build up long-term funds to smooth consumption and investment over time and take countercyclical measures when global economic conditions worsen. Many oil-exporting countries have indeed built up such funds, including sovereign wealth funds. Several developing countries have renegotiated their contracts with foreign companies to boost the national share of earnings from the extractive industries, and have used the additional money to invest in the economy or to build long-term funds. The Extractive Industries Transparency Initiative provides a useful international forum for addressing the human rights and governance challenges in this sector.

48. In most developed countries, the distribution of net income is much more equitable than the distribution of earned income because of large-scale redistribution efforts, mainly carried out through progressive taxation and wide coverage social protection systems. Developing countries can also adopt more redistributive measures, including basic social protection floors.

49. Empirical evidence indicates that increasing the minimum wage and promoting redistributive policies, such as progressive income taxes and transfers, can reduce

[6] See, Raghuram G. Rajan, *Fault Lines: How Hidden Fractures Still Threaten the World Economy* (Princeton, Princeton University Press, 2010); Joseph E. Stiglitz, *The Price of Inequality: How Today's Divided Society Endangers Our Future* (New York, W. W. Norton & Company, 2013); and A. Berg, J. D. Ostry and J. Zettelmeyer, "What makes growth sustained?", IMF Working Paper No. WP/08/59 (Washington, D.C., March 2008).

inequality and promote sustained growth at the same time.[7] The challenge lies in ascertaining the proper policy mix for both sustained and inclusive growth, in accordance with country-specific circumstances.

50. In the past two decades, developing countries have accumulated rich experience from the adoption of redistributive policies in the form of conditional transfers (over 30 countries) and unconditional transfers. Experience shows that such transfers need to be part of broader social protection systems so as to maximize their potential effects in the realization of people's rights. Although spending options depend on country-specific circumstances, evidence shows that sustained investment in the public provision of social services, namely, food security, nutrition, health and education, can strengthen economic growth and reduce vulnerability.

51. Partly as a result of lessons learned from targeted interventions but also reflecting a shift towards the principle of universality to promote solidarity, social inclusion and cohesion among members of society, ILO has put forward the notion of a social protection floor which would guarantee minimum access to essential social services and minimum income upon retirement. ILO calculations have shown that universal redistributive policies are financially feasible for developing countries (often utilizing less than 2 per cent of GDP) and can therefore be recommended universally, in line with the human rights principle of universality.

52. Even in a policy framework grounded in universalism, certain segments of the population face greater challenges than others and will continue to require tailored programmes in order to benefit from social services. In this regard, targeted efforts may be needed to make universal measures more effective.

53. In general, more efforts are needed to coordinate various policy options for sustained, inclusive and equitable growth, so that they can reinforce synergy among economic efficiency, social equality and environmental sustainability.

III. Transition from the Millennium Development Goals to the post-2015 period

A. Lessons from the Millennium Development Goals as references for the post-2015 period

54. One of the most important lessons of the Millennium Development Goal experience is that ownership of the development goals by the countries themselves and adopting a people-centred approach are crucial for their successful achievement. Millennium Development Goal efforts proved to be more effective in countries which internalized those goals in their national development strategies and plans and which implemented them with strong political leadership, coherent policies and the broad participation of their people.

55. The Millennium Development Goal experience shows that shocks, financial or otherwise, especially those on a global scale, may wipe away the economic and

[7] See Jonathan D. Ostry, Andrew Berg and Charalambos G. Tsangarides, "Redistribution, inequality and growth", IMF Staff Discussion Note SDN/14/02 (Washington, D.C., February 2014).

social gains made by developing countries through years of painstaking effort and cause protracted, sometimes irreversible, damage to households, communities, regions and countries. An enabling international environment, effective institutions and sound policies are therefore of great importance for the mitigation of such disruptions.

56. Experience shows that countries with a diversified economy are better able to withstand shocks and sustain human development. While participation in the international division of labour is important, it should be done on the basis of a broader structural transformation to raise economy-wide productivity rather than relying on narrow growth of certain specific sectors. This calls for, among other things, policies to support broad innovation, entrepreneurship and small to medium-sized enterprises. In addition, more attention should be paid to participation in global value chains and coherence of trade policies in the broad context of sustainable development.

57. Another important lesson of the Millennium Development Goal experience is that the achievement of development goals should not be viewed as a linear process. In some cases, after a certain level of achievement has been reached, further progress may become more difficult owing to the increasing costs of addressing deeper structural bottlenecks. In other cases, achieving some goals may have been done at the expense of others because of a lack of integration among the social, economic and environmental dimensions of development. More efforts are needed to study these different cases and identify effective policies.

58. The Millennium Development Goal experience also shows that making further progress towards achieving goals may require a different type of effort. For example, following the achievement of some reductions in maternal mortality through the provision of quality and accessible sexual and reproductive health services, further progress may require efforts to address poor transportation and substantial out-of-pocket payments.

59. In many cases, it also becomes necessary to address both supply-side and demand-side issues simultaneously. When the Millennium Development Goals were formulated, addressing supply-side bottlenecks, such as the availability of health and education facilities, were the top priority but it soon became clear that demand-side issues should also be considered. For example, social, cultural, economic and geographical complexities can infringe on the access of women and girls to health services. Similarly, social stigma and discrimination may prevent children from attending schools that are located nearby. Paying more attention to the special needs of marginalized groups and strengthening their capacities to claim their rights is most important.

60. The Millennium Development Goal experience shows also that it is necessary to tackle simultaneously issues of quantity and quality. For example, learning does not only depend on the number of schools and teachers available but also on the quality of schooling. The same is true with health care: construction of the necessary physical infrastructure does not automatically ensure quality care. The latter may be a more complex task but is also more likely to achieve sustainable results.

61. A crucial lesson of the Millennium Development Goal experience is that environmental sustainability has to be integrated at the same level as economic and social development goals — a key message of the United Nations Conference on

Sustainable Development. Without responsible management of the planet's natural resources and mitigation of climate change, human development may become more difficult to achieve. Similarly, human development is not meaningful in the long run if it degrades the ecosystems upon which human well-being and prosperity depend and further aggravates climate change. It is now recognized that the post-2015 agenda, encompassing goals in the three dimensions of sustainable development within an integrated framework, must be universal.

62. Countries prone to disasters face special difficulties in achieving the Millennium Development Goals. One consequence of climate change is the increase in the frequency, scope and intensity of extreme weather events. As a result, economic, social and personal losses from disasters are increasing. Many small island developing States are particularly vulnerable to climate and environmental risks. As emphasized in the Hyogo Framework for Action 2005-2015: Building the Resilience of Nations and Communities to Disasters, sustainable development cannot be met without a commensurate reduction of disaster and climate risks.

63. The Millennium Development Goal experience has further shown that peace and stability, human rights and effective governance, based on the rule of law and transparent institutions, are prerequisites for development and its outcomes. There can be no peace without development and no development without peace. Lasting peace and sustainable development cannot be fully realized without respect for human rights and the rule of law. Freedom from violence, social justice and freedom of expression are important development outcomes. Human rights standards are the guiding principles for what development tries ultimately to achieve. Human rights principles, such as freedom, equality, participation and accountability, provide guidance on how best to achieve development goals. For example, policy measures become effective only if they are formulated on the basis of broad consultation and accompanied by accountability mechanisms.

64. The Millennium Development Goal experience has validated the importance of a culture that provides peoples and communities with a strong sense of identity and social cohesion, hence contributing to more effective and sustainable development policies and measures at all levels. In addition, cultural heritage, tourism and the cultural and creative industries can prove to be strong and viable economic sectors, generating income and creating many decent jobs.

65. The Millennium Development Goal experience shows that a new type of global partnership is necessary. One of the major changes in recent years is the expansion of the set of actors in the arena of development efforts at the global, regional, national and subnational levels. Non-governmental organizations, civil society organizations, foundations, funds, trusts, corporations, companies and individuals have joined governments and multilateral organizations in this effort. While this multiplicity is welcome, it is also important to coordinate these diverse actors for the achievement of well-defined development goals and to ensure the accountability of all stakeholders.

66. The Millennium Development Goal experience also shows that migration can lead to increased incomes, improved health access and higher rates of education enrolment, and that diaspora groups and transnational communities play an important role in facilitating trade, investment, skills and transfers of technology

and in building cultural linkages among countries.[8] Countries receiving migrants can also benefit significantly. Many barriers still limit the positive effects of migration, however. Discrimination is widespread and the human rights of migrants are often denied at various points in the migration process. The scourge of human trafficking, an unacceptable dimension of migration, must be ended.

67. The Millennium Development Goal experience further shows the importance of data, including disaggregated data by gender, age and other categories. The effective collection, analysis and dissemination of data in a scientifically rigorous manner are crucial for success in goal-setting, implementation, monitoring and evaluation of progress, and following up on accountability at the global, regional, national and subnational levels.

B. Launching the new stage of the intergovernmental post-2015 process[9]

68. The reference period of the Millennium Development Goals will expire in 2015 and the world community is now engaged in the task of formulating the post-2015 development agenda and ensuring a seamless transition from the Millennium Development Goals to the post-2015 development agenda. Four building blocks need to be in place for the post-2015 development agenda to take root: a far-reaching vision with a compelling narrative; a set of concise goals and targets; a global partnership for development to mobilize means of implementation; and a participatory review, monitoring and accountability framework (A/68/202 and Corr.1, para. 75).

69. While the United Nations membership is taking the lead in shaping consensus on a post-2015 development agenda, an unprecedented mobilization of a wide spectrum of stakeholders and peoples has greatly contributed to deliberations on such an agenda, represented in the consultations organized by the United Nations Development Group with people across the world.[10] The regional commissions have also held consultations to articulate regional perspectives on the post-2015 agenda. Broad engagement and the readiness of all partners are crucial to ensuring its successful implementation.

70. Convergence has already been reached in a number of areas at the conceptual stage of the discussion. It is now broadly agreed that the post-2015 development agenda should be firmly anchored in universally accepted values and principles, including those encapsulated in the Charter of the United Nations, the Universal Declaration of Human Rights and the United Nations Millennium Declaration (A/68/202 and Corr.1, para. 75). There is also broad agreement that the agenda must complete the unfinished business of the Millennium Development Goals and build upon their strength. All stakeholders agree that the new goals should be universal in their application, while reflecting national priorities and taking into account different capabilities. While poverty eradication will remain at the top of a future agenda, there is agreement to place sustainable development at the core of the post-

[8] See International Organization for Migration, *A New Global Partnership for Development: Factoring in the Contribution of Migration*, Migration Research Series No. 50 (Geneva, 2014). Available at http://publications.iom.int/bookstore/free/MRS50_20May2014.pdf.

[9] As the process is ongoing, the present section describes only recent developments.

[10] United Nations Development Group, *A Million Voices: The World We Want*, September 2013. Available from www.worldwewant2015.org.

2015 development agenda, thereby balancing its economic, social and environmental dimensions.

71. The Open Working Group of the General Assembly on Sustainable Development Goals, initiated by the United Nations Conference on Sustainable Development, has advanced its work on a set of concise goals and targets that are universal, and is expected to deliver its recommendations to the General Assembly for further consideration at its sixty-eighth session.

72. A post-2015 financing framework must match the level of ambition for transformative actions in the post-2015 development agenda. Strengthening the global partnership for development will be critical in responding to the challenges the world faces. Such a partnership should be supplemented by others in working towards the achievement of specific goals and targets. These partnerships must reflect the contributions and rights not only of Governments but of all relevant stakeholders, and should be guided by the principles of transparency and accountability.

73. The Intergovernmental Committee of Experts on Sustainable Development Financing, established in follow-up to the United Nations Conference on Sustainable Development, is proposing options for an effective and sustainable development financing strategy. An ambitious proposal would help to advance the discussion on the mobilization and effective use of financial resources in the post-2015 period. Its report would also serve as an important contribution to the preparatory process for the third International Conference on Financing for Development, to be held in Addis Ababa from 13 to 16 July 2015. The Conference is expected to be a milestone in forging consensus on a renewed global partnership for development, underpinned by a holistic and comprehensive financing framework.

74. The discussions of the Economic and Social Council, especially at its biennial high-level Development Cooperation Forum held in July 2014 and the related preparatory work, also helped to clarify how a renewed global partnership for development could work and how development cooperation would need to evolve to support effectively the implementation of a post-2015 development agenda.

75. Discussions on climate financing continue largely on a separate track, within the context of the United Nations Framework Convention on Climate Change. Ensuring coherence and synergies with the broader work on a post-2015 development agenda remains a challenge. This challenge is even more urgent in ensuring coherence in discussions on means of implementation and a holistic framework for financing for development. These tracks have to converge in order to ensure a smooth transition to the post-2015 development agenda. The Climate Summit, to be convened by the Secretary-General on 23 September 2014, is intended to raise the level of ambition, catalyse action and generate the political momentum for achieving a universal legal climate agreement in 2015.

76. In the outcome document of the United Nations Conference on Sustainable Development, entitled "The future we want", Heads of State and Government and high-level representatives called for the identification of options for a facilitation mechanism that would promote the development, transfer and dissemination of clean and environmentally sound technologies by, inter alia, assessing the technology needs of developing countries, options to address those needs and capacity-building (General Assembly resolution 66/288, annex, para. 273). The

Secretary-General has recommended a series of options (see A/67/348 and A/68/310), based on inputs from Member States and organizations of the United Nations system. The President of the General Assembly convened a series of workshops in 2013 and a number of structured dialogues in 2014. These processes have helped Member States and stakeholders to converge towards an improved, shared understanding of each other's perspectives. The wide range of current and emerging activities in the United Nations system and beyond on facilitating access to technology solutions for sustainable development is being recognized, as is the need to build synergy among these efforts. The four dialogues have brought about a noticeable convergence of views regarding the actions that can be started with immediate effect by the United Nations to enhance the accessibility of information on clean and environmentally sound technologies, clarify further the needs and gaps, and strengthen coherence and synergies among facilitation efforts in that regard. Such processes have also confirmed a broadly shared resolve to continue discussions on this subject, in accordance with General Assembly resolution 68/210. The President of the General Assembly will submit his recommendations on the way forward as an input to the synthesis report of the Secretary-General in October 2014.

77. A participatory review, monitoring, evaluation and accountability framework to measure progress in the post-2015 development agenda and track the actions taken by all stakeholders will be critical for the successful implementation of the agenda. The interactive dialogue convened by the President of the General Assembly on elements for a monitoring and accountability framework for the post-2015 development agenda represented an important occasion to discuss key elements of a monitoring, evaluation and accountability framework. The Economic and Social Council Development Cooperation Forum, held in July 2014, and its preparatory process provided guidance on possible key features of an effective and inclusive post-2015 monitoring and accountability framework for development cooperation. The high-level political forum on sustainable development, convened under the auspices of the Economic and Social Council in July 2014, likewise reflected on the review of implementation by all development actors in the context of the post-2015 development agenda. The forum discussed how best to conduct regular reviews on the follow-up and implementation of sustainable development commitments and objectives within the context of the post-2015 development agenda once that agenda is adopted. The review of the implementation of conference outcomes, including the post-2015 agenda, will remain a function of the General Assembly, the Economic and Social Council and its subsidiary machinery, and the high-level political forum on sustainable development.

78. Further work is needed to gain greater clarity on how a multilayered post-2015 accountability framework could work to enhance local, national, regional and global accountability and ensure effective review, monitoring and evaluation of the implementation of the post-2015 agenda. The transition to a universal and integrated development agenda and its implementation require changes in the way institutions function at the local, national, regional and global levels. Institutions will have to move from the current silo approach to an integrated mode of policymaking and implementation.

79. To this end, the United Nations system also needs to become fit for purpose. The United Nations is undertaking internal reflection, an exercise aimed at promoting coherence, coordinated and integrated system-wide approaches and a collaborative culture. It will also look at the specific implications of the post-2015

development agenda for institutional, financial and governance arrangements. This is a new challenge for the United Nations system.

80. The above-mentioned synthesis report, which will take stock of the ongoing work on a post-2015 development agenda, will be issued by the end of 2014. Among other inputs, it will draw on the work of the Open Working Group of the General Assembly on Sustainable Development Goals, the Intergovernmental Committee of Experts on Sustainable Development Financing, the high-level political forum on sustainable development, the Economic and Social Council, and the interactive thematic debates and high-level events organized by the President of the General Assembly to set the stage for the post-2015 period. The synthesis report will constitute an input to the intergovernmental negotiations of Member States on the post-2015 development agenda.